

August 21, 2012

Ms. Marlene H. Dortch, Secretary Federal Communications Commission 445 12<sup>th</sup> Street, S.W. Washington, D.C. 20554

In the Matter of Wireline Competition Bureau Announces Application Procedures and Deadline for Applications to Participate in the Broadband Adoption Pilot Program, WC 11-42

Dear Ms. Dortch:

Rural Carriers hereby submit the attached Amendment to their July 2, 2012 application for participation in the above-noted Pilot Program. This Amendment is necessitated by the departure of three participants of the original Rural Carriers group—Adams Telephone Cooperative, Madison Telephone Company and Mid Century Telephone Cooperative—to be part of another group's application. The remaining two companies—Alpine Communications and Leaco Rural Telephone—wish to remain in consideration for participation in the Pilot Program. The necessary changes to the Rural Carriers' initial application are included in the attached Amendment.

Alpine's and Leaco's supporting documents which were included in the Appendix to the initial (July 2, 2012) Rural Carriers application—company certifications, Lifeline eligibility forms, sample marketing materials and census data—are unchanged and thus are not be resubmitted as part of this Amendment.

If you have any questions, please do not hesitate to contact me at (703) 351-2020 or jcanfield@ntca.org.

Sincerely,

/s/ Jill Canfield
Jill Canfield

Director – Legal and Industry

cc: Garnet Hanly
Kimberly Scardino
Charles Tyler
Best Copy and Printing, Inc.

NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION

4121 Wilson Boulevard • Tenth Floor • Arlington, Virginia 22203

# Before the Federal Communications Commission Washington, DC 20554

In the Matter of	)	
	)	
Wireline Competition Bureau Announces	)	WC Docket No. 11-42
Application Procedures and Deadline for	)	
Applications to Participate in the Broadband	)	
Adoption Lifeline Pilot Program	)	
	)	

# AMENDMENT TO APPLICATION OF RURAL CARRIERS

August 21, 2012

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### **Summary**

Two rural ETCs—Alpine Communications and Leaco Rural Telephone (collectively, the "Rural Carriers")—submit this joint application to participate in the FCC's Broadband Adoption Lifeline Pilot Program ("Pilot Program.")

The Rural Carriers propose to offer their Lifeline eligible customers two types of discounts—one, a flat discount equal to \$25 per month over the twelve months of the program; the other, a sliding discount that begins at \$40 during the first three months of the program, moves to \$30 during months 4 through 6, \$20 during months 7 though 9, and \$10 in months 10, 11 and 12. The total of each subsidy will equal \$300 per customer over 12 months. At the end of the 12 month subsidy period, the results of the two discounts can be compared to determine which was more effective. In addition, the specific broadband package selected by Program participants can be examined to determine customer preferences. The relative success of various types of marketing methodologies can be compared for valuable insight into the best ways of making consumers aware of future broadband adoption programs.

The Rural Carriers further propose utilizing Pilot Program funds to subsidize the customer's non-recurring installation fee, thus removing that barrier to broadband adoption. The companies will partner with Connected Nation, which will provide free online digital literacy training to the Rural Carriers' customers, as well as the ability to purchase a refurbished computer at a discounted price. This will eliminate two additional significant barriers to adoption.

The overall funding amount that the Rural Carriers request is \$225,190.37. This is based upon the individual ETCs' best estimate of the number of Lifeline eligible customers who will participate in the Pilot Program. The Rural Carriers believe that 563 low income, rural customers will benefit from their proposed program.

Following the conclusion of the 12 month subsidy program, the Rural Carriers will collect and analyze the results of their trial program. These results will be shared with the FCC in order to help determine the most effective and efficient methods of promoting broadband adoption in rural America.

The Rural Carriers are extremely enthused about the opportunity to take part in this program that will bring vital broadband services to customers who previously were unable to partake due to a lack of financial resources.

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Adoption Lifeline Pilot Program	)	
	)	

#### AMENDMENT TO APPLICATION OF RURAL CARRIERS

In response to the Commission's April 30, 2012, Public Notice<sup>1</sup> announcing the application criteria for eligible telecommunications carriers ("ETCs") and their partners interested in competing for a portion of the \$25 million the Commission has budgeted for a broadband lifeline adoption pilot program for low-income consumers (Pilot Program), two rural ETCs—Alpine Communications ("Alpine"), Elkader, IA and Leaco Rural Telephone ("Leaco"), Hobbs, NM; (collectively, the "Rural Carriers")— hereby submit this joint application to participate in the Pilot Program.

Both Rural Carriers are members of the National Telecommunications Cooperative Association ("NTCA"),<sup>2</sup> and as such are small carriers that are "rural telephone companies" as defined in the Communications Act of 1934, as amended by the Telecommunications Act of 1996.

<sup>&</sup>lt;sup>1</sup> Public Notice, "Wireline Competition Bureau Announces Application Procedures and Deadline for Applications to Participate in the Broadband Adoption Pilot Program," WC Docket No. 11-42, rel. April 30, 2012.

<sup>&</sup>lt;sup>2</sup> NTCA represents more than 580 rural rate-of-return regulated telecommunications providers. All of NTCA's members are full service local exchange carriers and many of its members provide wireless, cable, Internet, satellite, and long-distance services to their communities.

NTCA has helped to facilitate the efforts of the Rural Carriers as they have considered participation in this project.

The Rural Carriers operate as committed carriers of last resort in hard-to-serve rural areas. As a result, they face challenges not only in the distances to be covered and the sparse nature of the population to be served, but also the barriers presented by rural poverty. According to the U.S. Department of Agriculture's Economic Research Service, in 2009 the median household income in nonmetro areas was 22.1% lower than that in metro areas, \$40,135 versus \$51,522. The participation of the Rural Carriers in this pilot project would give both these carriers as well as the Commission an opportunity to examine how and to what extent adoption of broadband by low-income consumers in rural areas might be driven or deterred by different factors.

## **Company Specific Info**

1. Company Name: Alpine Long Distance, LC

Holding Company: Alpine Communications, LC

Operating Company: N/A

FCC Registration Number (FRN): Alpine Communications, LC – 0007320047

Alpine Long Distance, LC – 0003748969

Study Area Codes (SACs): 351106

Alpine is designated to provide lifeline service in the state of Iowa. Alpine services the counties of Clayton and Fayette in Iowa. In addition to broadband, Alpine provides landline

<sup>&</sup>lt;sup>3</sup> http://www.ers.usda.gov/topics/rural-economy-population/rural-poverty-well-being/income-nonfarm-earnings.aspx, accessed July 2, 2012.

voice, wireless, computer security, home security, and video service. Alpine's broadband service tiers are as follows:

	Gold with	Landline	Solitary	y Gold	Platinum w	ith Landline	Solitary	Platinum
	FTTH	Copper	FTTH	Copper	FTTH	Copper	FTTH	Copper
Speed	6M/500K	3M/512K	6M/500K	3M/512K	12M/1M	6M/512K	12M/1M	6M/512K

Alpine will offer the Pilot Program in Clayton and Fayette counties, the same areas where it currently offers broadband service. The geographic areas do not cover Tribal Lands. Included in the Appendix is detailed census data on the income levels of the residents in the specified geographic areas where Alpine plans to offer the pilot project. Alpine will utilize DSL and Fiber to the Home ("FTTH") to provide broadband service to subscribers in the Pilot Program. Alpine will offer subscribers in the Pilot Program the same broadband speeds it offers all of its current subscribers (listed in the table above) and expects all customers to adhere to Alpine's standard acceptable use policy, which is available on their website http://www.alpinecom.net.

<u>Area</u>	Service & Technology Description	Price Plan with Landline/Price Plan Without Landline
Elgin	DSL – 3 Mb/512 kb	39.95/54.95
C	DSL – 6 Mb/512 kb	49.95/64.95
Elkader	DSL – 3 Mb/512 kb	39.95/54.95
	DSL – 6 Mb/512 kb	49.95/64.95
	FTTH – 6 Mb/500 kb	39.95/54.95
	FTTH – 12 Mb/1 Mb	49.95/64.95
Garber	DSL – 3 Mb/512 kb	39.95/54.95
	DSL – 6 Mb/512 kb	49.95/64.95
Garnavillo	DSL – 3 Mb/512 kb	39.95/54.95
	DSL – 6 Mb/512 kb	49.95/64.95

Guttenberg	DSL - 3 Mb/512 kb	39.95/54.95
	DSL – 6 Mb/512 kb	49.95/64.95
	FTTH – 6 Mb/500 kb	39.95/54.95
	FTTH - 12 Mb/1 Mb	49.95/64.95
McGregor	DSL – 3 Mb/512 kb	39.95/54.95
	DSL - 6 Mb/512 kb	49.95/64.95

In regard to how the speed offered will provide consumers access to key applications involving education, healthcare, and person-to-person communications:

- Education: Four school districts in Alpine's service area have implemented the one-to-one laptop initiative for students. The broadband lifeline program will provide low-income students with the same opportunities to learn at home as their peers. One school district is in the process of developing a virtual school, part of an effort to improve every student's achievement and decrease overall dropout rates. This will be one of only two school districts in Iowa to offer the virtual school program and Alpine is excited to be a part of this. For more, see this news article:

  http://www.kcrg.com/news/local/Clayton-Ridge-to-Roll-Out-Virtual-School-138086638.html.
- Healthcare: The University of Iowa is developing a program to use robots to help doctors evaluate and examine patients that do not have access to specialists, such as stroke patients that need to see a neurologist. Using the robots, the remote specialist can evaluate the patient's eye movement and other physical clues to make an accurate diagnosis in consultation with on-site emergency doctors. These advances will continue

to require high-speed Internet to send and receive medical data between patients and

remote specialists and facilities. For more, see this news article:

http://thegazette.com/2012/06/13/iowas-first-stroke-robot-connects-patients-in-clinton-

with-doctors-in-iowa-city/.

• Person-to-person communications: The Web provides users with the ability to connect

with others, even when they are in an isolated situation, with the flexibility to

communicate when time allows. As Americans continue to age, travel to visit friends

and family becomes more difficult. This is compounded by busy schedules. Video

conferencing is a solution that can assist people with staying in touch, and can be used

by people of various ages and locations, such as those in a nursing home. A new study

published in the journal of Clinical Nursing found that nursing home residents who

used videoconferencing such as Skype or MSN to "visit" with their family members

rated it a very positive experience. For more, see this news article:

http://www.emaxhealth.com/1275/nursing-home-residents-benefit-videoconferencing.

2. Company Name:

Leaco Rural Telephone Cooperative Inc.

Holding Company:

N/A

Operating Company:

**NMobile** 

Affiliates:

N/A

FCC Registration Number (FRN):

0001-6180-08

Study Area Codes (SACs):

492264 ILEC; 499002 CLEC

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Leaco is designated to provide lifeline service in the state of New Mexico. Leaco provides service the counties of Chaves, Eddy, Lea, and Lincoln in New Mexico. The ETC provides broadband to its subscribers via a variety of technologies including FTTH, DSL, cellular, and unlicensed wireless. Leaco also provides landline voice, cellular voice, and data services in these areas. The ETC's current broadband service offerings are as follows:

Area	Service & Technology Description	Plan
Antelope Ridge,		
Eunice, & Jal	*Unlicensed wireless - 768 Kb/512 Kb	\$29.99
	*Unlicensed wireless - 1.5 Mb/768Kb	\$39.99
	*Unlicensed wireless - 3.0 Mb/1.0 Mb	\$49.99
	3G air cards –1.5 Mb/256 Kb	\$39.99
	**Fixed cell 3G –1.5 Mb/256 Kb	\$24.99
Dexter &		
Hagerman	DSL - 1.5 Mb/768 Kb	\$39.99
	DSL - 3.0 Mb/1.0 Mb	\$49.99
	DSL - 5.0 Mb/1.0 Mb	\$59.99
	3G air cards –1.5 Mb/256 Kb	\$39.99
	**Fixed cell 3G –1.5 Mb/256 Kb	\$24.99
Hobbs &		
Lovington	FTTH - 1.5 Mb/768 Kb	\$29.99
	FTTH - 3.0 Mb/1.0 Mb	\$49.99
	FTTH - 5.0 Mb/1.5Mb	\$59.99
	FTTH - 12.0 Mb/3.0 Mb	\$119.99
	FTTH - 16.0 Mb/5.0 Mb	\$129.99
	DSL - 1.5 Mb/768 Kb	\$39.99
	DSL - 3.0 Mb/1.0 Mb	\$49.99
	DSL - 5.0 Mb/1.0 Mb	\$59.99
	*Unlicensed wireless - 768 Kb/512 Kb	\$29.99
	*Unlicensed wireless - 1.5 Mb/768Kb	\$39.99
	*Unlicensed wireless - 3.0 Mb/1.0 Mb	\$49.99
	3G air cards –1.5 Mb/256 Kb	\$39.99
	**Fixed cell 3G –1.5 Mb/256 Kb	\$24.99

Maljamar	*Unlicensed wireless - 768 Kb/512 Kb	\$29.99
	*Unlicensed wireless - 1.5 Mb/768Kb	\$39.99
	*Unlicensed wireless - 3.0 Mb/1.0 Mb	\$49.99
	3G air cards –1.5 Mb/256 Kb	\$39.99
	**Fixed cell 3G –1.5 Mb/256 Kb	\$24.99
Tatum	FTTH - 1.5 Mb/768 Kb	\$29.99
	FTTH - 3.0 Mb/1.0 Mb	\$49.99
	FTTH - 5.0 Mb/1.5Mb	\$59.99
	FTTH - 12.0 Mb/3.0 Mb	\$119.99
	FTTH - 16.0 Mb/5.0 Mb	\$129.99
	DSL - 768KMb/512 Kb	\$28.99
	DSL - 1.5 Mb/768 Kb	\$39.99
	DSL - 3.0 Mb/1.0 Mb	\$49.99
	*Unlicensed wireless - 768 Kb/512 Kb	\$29.99
	*Unlicensed wireless - 1.5 Mb/768Kb	\$39.99
	*Unlicensed wireless - 3.0 Mb/1.0 Mb	\$49.99
	3G air cards –1.5 Mb/256 Kb	\$39.99
	**Fixed cell 3G –1.5 Mb/256 Kb	\$24.99

<sup>\*</sup> Unlicensed wireless is used in areas where FTTH or DSL is not available in exchange

Leaco will offer the Pilot Program in all of the above listed towns and exchanges in New Mexico. These geographic areas do not include Tribal lands. Included in the Appendix is detailed census data on the income levels of the residents in the specified geographic areas where Leaco plans to offer the Pilot Program. Leaco will utilize DSL, fiber, wireless unlicensed 5.2 spectrum, and cellular and PCS spectrum to provide broadband service to subscribers. Leaco will offer subscribers in the Pilot Program all broadband services that are available for their particular area.

In regard to how the speed offered will provide consumers access to key applications involving education, healthcare, and person-to-person communications, even in the most rural

<sup>\*\*</sup> Fixed cell is used in very remote areas of exchange where no other technology is available

parts of Leaco's service area, consumers will be able to access all facets of the Internet. The service will allow for online courses, social interaction, searching for and locating health care resources, research and email. It will provide subscribers with a reliable, fast connection to the online world and with the discount provided by this FCC program, they may choose a higher speed if they are willing to pay for the difference in cost. The monthly discount will apply to any of Leaco's plans.

## **Amount of the Monthly Discount**

The Rural Carriers propose offering two different forms of discounts to program participants: one, a flat discount to remain the same for each of the twelve months of the program, and the other, a sliding scale discount that starts out larger than the flat discount and is reduced quarter by quarter. The total dollar value of both discounts will be equal over the twelve months of the program in order to facilitate comparison of the program results and make it more readily apparent which discount was more effective. The Rural Carriers propose the following dollar values for each of the two discounts:

- o Flat discount: \$25/month.
- O Sliding scale discount: \$40/month in first quarter, \$30/month in second quarter, \$20/month in third quarter, \$10/month in fourth quarter.
- Overall size of subsidy/discount: \$300, over 12 months. (This is identical for both discount plans.)

Thus, for a carrier charging \$40/month for broadband service, program participants choosing the flat discount would pay \$15/month over the 12-month duration of the program. Participants choosing the sliding scale discount would pay \$0 in months 1, 2, and 3; \$10 in months 4, 5, and 6; \$20 in months 7, 8, and 9; and \$30 in months 10, 11, and 12. Both customers would thus pay \$180 for the twelve months of service, and the subsidy from the program would be \$300 for each. Both customers would pay the then-

current full price (*e.g.*, \$40) in months 13 and forward. The customer will be permitted to select the speed package to which he/she wishes to subscribe during the term of the pilot; the dollar value of the discount would be the same regardless, but the monthly cost to the customer would be greater for higher speed levels. (Customer speed preference is another variable that will be examined at the end of the Pilot Program.)

The following table shows the standard retail monthly (pre-subsidy) price of the service offerings that will be made available to the Lifeline-eligible customers of each of the companies under the terms of the Pilot Project.

Company	Speed	Price
Alpine	DSL - 3 Mb/512 Kb	\$39.95 with a landline/\$54.95 without
	FTTH - 6 Mb/500 Kb*	\$39.95 with a landline/\$54.95 without
	DSL - 6 Mb/512 Kb	\$49.95 with a landline/\$64.95 without
	FTTH - 12 Mb/1 Mb*	\$49.95 with a landline/\$64.95 without
Leaco	FTTH - 1.5 Mb/768 Kb	\$29.99
	FTTH - 3.0 Mb/1.0 Mb	\$49.99
	FTTH - 5.0 Mb/1.5Mb	\$59.99
	FTTH - 12.0 Mb/3.0 Mb	\$119.99
	FTTH - 16.0 Mb/5.0 Mb	\$129.99
	DSL - 768KMb/512 Kb	\$28.99
	DSL - 1.5 Mb/768 Kb	\$39.99
	DSL - 3.0 Mb/1.0 Mb	\$49.99
	DSL - 5.0 Mb/1.0 Mb	\$59.99
	Unlicensed wireless - 768 Kb/512 Kb	\$29.99
	Unlicensed wireless - 1.5 Mb/768Kb	\$39.99
	Unlicensed wireless - 3.0 Mb/1.0 Mb	\$49.99
	3G air cards –1.5 Mb/256 Kb	\$39.99
	Fixed cell 3G –1.5 Mb/256 Kb	\$24.99

<sup>\*</sup> Denotes FTTH service, which is only available in certain areas.

Leaco will offer the flat discount; Alpine will offer the sliding discount. The results of these two methodologies can be compared at the end of the program to determine which was more effective.

Customers will be free to take either stand-alone broadband, a la carte broadband, bundled voice/broadband or bundled voice/video/broadband service under the terms of the Pilot Program. Each customer will be subject to the participating Company's standard acceptable use policy and service terms and conditions outlining the service offerings available. Their decision as to the type of service to take will not affect the dollar amount of the subsidy provided, and no part of the Pilot Program subsidy will be applied to the non-broadband portion of their service, or to non-recurring costs not related to broadband service.

Based on these guidelines, the resulting costs to customers of each of the Rural Companies for broadband service over the twelve months of the subsidy program are detailed in the following tables.

	Month 1	Month 2	Month 3
Alpine			
DSL - 3 Mb/512 Kb	\$0 with a landline/\$14.95 without	\$0 with a landline/\$14.95 without	\$0 with a landline/\$14.95 without
FTTH - 6 Mb/500 Kb*	\$0 with a landline/\$14.95 without	\$0 with a landline/\$14.95 without	\$0 with a landline/\$14.95 without
DSL - 6 Mb/512 Mb	\$9.95 with a landline/\$24.95 without	\$9.95 with a landline/\$24.95 without	\$9.95 with a landline/\$24.95 without
FTTH - 12 Mb/1 Mb*	\$9.95 with a landline/\$24.95 without	\$9.95 with a landline/\$24.95 without	\$9.95 with a landline/\$24.95 without
Leaco			
FTTH - 1.5 Mb/768 Kb	\$4.99	\$4.99	\$4.99
FTTH - 3.0 Mb/1.0 Mb	\$24.99	\$24.99	\$24.99
FTTH - 5.0 Mb/1.5Mb	\$34.99	\$34.99	\$34.99
FTTH - 12.0 Mb/3.0 Mb	\$94.99	\$94.99	\$94.99
FTTH - 16.0 Mb/5.0 Mb	\$104.99	\$104.99	\$104.99
DSL - 768KMb/512 Kb	\$3.99	\$3.99	\$3.99
DSL - 1.5 Mb/768 Kb	\$14.99	\$14.99	\$14.99
DSL - 3.0 Mb/1.0 Mb	\$24.99	\$24.99	\$24.99
DSL - 5.0 Mb/1.0 Mb	\$34.99	\$34.99	\$34.99
Unlicensed - 768 Kb/512 Kb	\$4.99	\$4.99	\$4.99
Unlicensed - 1.5 Mb/768Kb	\$14.99	\$14.99	\$14.99
Unlicensed - 3.0 Mb/1.0 Mb	\$24.99	\$24.99	\$24.99
3G air cards –1.5 Mb/256 Kb	\$14.99	\$14.99	\$14.99
Fixed cell 3G –1.5 Mb/256 Kb	\$0.00	\$0.00	\$0.00

<sup>\*</sup> Denotes FTTH service, which is only available in certain areas.

	Month 4	Month 5	Month 6
Alpine			
DSL - 3 Mb/512 Kb	\$9.95 with a landline/\$24.95 without	\$9.95 with a landline/\$24.95 without	\$9.95 with a landline/\$24.95 without
FTTH - 6 Mb/500 Kb*	\$9.95 with a landline/\$24.95 without	\$9.95 with a landline/\$24.95 without	\$9.95 with a landline/\$24.95 without
DSL - 6 Mb/512 Kb	\$19.95 with a landline/\$34.95 without	\$19.95 with a landline/\$34.95 without	\$19.95 with a landline/\$34.95 without
FTTH - 12 Mb/1 Mb*	\$19.95 with a landline/\$34.95 without	\$19.95 with a landline/\$34.95 without	\$19.95 with a landline/\$34.95 without
Leaco			
FTTH - 1.5 Mb/768 Kb	\$4.99	\$4.99	\$4.99
FTTH - 3.0 Mb/1.0 Mb	\$24.99	\$24.99	\$24.99
FTTH - 5.0 Mb/1.5Mb	\$34.99	\$34.99	\$34.99
FTTH - 12.0 Mb/3.0 Mb	\$94.99	\$94.99	\$94.99
FTTH - 16.0 Mb/5.0 Mb	\$104.99	\$104.99	\$104.99
DSL - 768KMb/512 Kb	\$3.99	\$3.99	\$3.99
DSL - 1.5 Mb/768 Kb	\$14.99	\$14.99	\$14.99
DSL - 3.0 Mb/1.0 Mb	\$24.99	\$24.99	\$24.99
DSL - 5.0 Mb/1.0 Mb	\$34.99	\$34.99	\$34.99
Unlicensed - 768 Kb/512 Kb	\$4.99	\$4.99	\$4.99
Unlicensed - 1.5 Mb/768Kb	\$14.99	\$14.99	\$14.99
Unlicensed - 3.0 Mb/1.0 Mb	\$24.99	\$24.99	\$24.99
3G air cards –1.5 Mb/256 Kb	\$14.99	\$14.99	\$14.99
Fixed cell 3G –1.5 Mb/256 Kb	\$0.00	\$0.00	\$0.00

<sup>\*</sup> Denotes FTTH service, which is only available in certain areas.

	Month 7	Month 8	Month 9
Alpine			
DSL - 3 Mb/512 Kb	\$19.95 with a landline/\$34.95 without	\$19.95 with a landline/\$34.95 without	\$19.95 with a landline/\$34.95 without
FTTH - 6 Mb/500 Kb*	\$19.95 with a landline/\$34.95 without	\$19.95 with a landline/\$34.95 without	\$19.95 with a landline/\$34.95 without
DSL - 6 Mb/512 Kb	\$29.95 with a landline/\$44.95 without	\$29.95 with a landline/\$44.95 without	\$29.95 with a landline/\$44.95 without
FTTH - 12 Mb/1 Mb*	\$29.95 with a landline/\$44.95 without	\$29.95 with a landline/\$44.95 without	\$29.95 with a landline/\$44.95 without
Leaco			
FTTH - 1.5 Mb/768 Kb	\$4.99	\$4.99	\$4.99
FTTH - 3.0 Mb/1.0 Mb	\$24.99	\$24.99	\$24.99
FTTH - 5.0 Mb/1.5Mb	\$34.99	\$34.99	\$34.99
FTTH - 12.0 Mb/3.0 Mb	\$94.99	\$94.99	\$94.99
FTTH - 16.0 Mb/5.0 Mb	\$104.99	\$104.99	\$104.99
DSL - 768KMb/512 Kb	\$3.99	\$3.99	\$3.99
DSL - 1.5 Mb/768 Kb	\$14.99	\$14.99	\$14.99
DSL - 3.0 Mb/1.0 Mb	\$24.99	\$24.99	\$24.99
DSL - 5.0 Mb/1.0 Mb	\$34.99	\$34.99	\$34.99
Unlicensed - 768 Kb/512 Kb	\$4.99	\$4.99	\$4.99
Unlicensed - 1.5 Mb/768Kb	\$14.99	\$14.99	\$14.99
Unlicensed - 3.0 Mb/1.0 Mb	\$24.99	\$24.99	\$24.99
3G air cards –1.5 Mb/256 Kb	\$14.99	\$14.99	\$14.99
Fixed cell 3G –1.5 Mb/256 Kb	\$0.00	\$0.00	\$0.00

<sup>\*</sup> Denotes FTTH service, which is only available in certain areas.

	Month 10 Month 11		Month 12	
Alpine				
DSL - 3 Mb/512 Kb	\$29.95 with a landline/\$44.95 without	\$29.95 with a landline/\$44.95 without	\$29.95 with a landline/\$44.95 without	
FTTH - 6 Mb/500 Kb*	\$29.95 with a landline/\$44.95 without	\$29.95 with a landline/\$44.95 without	\$29.95 with a landline/\$44.95 without	
DSL - 6 Mb/512 Kb	\$39.95 with a landline/\$54.95 without	\$39.95 with a landline/\$54.95 without	\$39.95 with a landline/\$54.95 without	
FTTH - 12 Mb/1 Mb*	\$39.95 with a landline/\$54.95 without	\$39.95 with a landline/\$54.95 without	\$39.95 with a landline/\$54.95 without	
Leaco				
FTTH - 1.5 Mb/768 Kb	\$4.99	\$4.99	\$4.99	
FTTH - 3.0 Mb/1.0 Mb	\$24.99	\$24.99	\$24.99	
FTTH - 5.0 Mb/1.5Mb	\$34.99	\$34.99	\$34.99	
FTTH - 12.0 Mb/3.0 Mb	\$94.99	\$94.99	\$94.99	
FTTH - 16.0 Mb/5.0 Mb	\$104.99	\$104.99	\$104.99	
DSL - 768KMb/512 Kb	\$3.99	\$3.99	\$3.99	
DSL - 1.5 Mb/768 Kb	\$14.99	\$14.99	\$14.99	
DSL - 3.0 Mb/1.0 Mb	\$24.99	\$24.99	\$24.99	
DSL - 5.0 Mb/1.0 Mb	\$34.99	\$34.99	\$34.99	
Unlicensed - 768 Kb/512 Kb	\$4.99	\$4.99	\$4.99	
Unlicensed - 1.5 Mb/768Kb	\$14.99	\$14.99	\$14.99	
Unlicensed - 3.0 Mb/1.0 Mb	\$24.99	\$24.99	\$24.99	
3G air cards –1.5 Mb/256 Kb	\$14.99	\$14.99	\$14.99	
Fixed cell 3G –1.5 Mb/256 Kb	\$0.00	\$0.00	\$0.00	

<sup>\*</sup> Denotes FTTH service, which is only available in certain areas.

At the end of the program, beginning with month 13, the subsidy will cease and the price will revert to the then-current standard retail price. (Customer retention rates in the months following the subsidy period will provide important information about the efficiency of fixed-term subsidies versus ongoing subsidies.)

#### **Amount of Subsidy Sought for Non-recurring Fees**

Recognizing that upfront costs pose a significant barrier to low-income customers, the Rural Carriers intend to take all reasonably available measures as part of the Pilot Program to eliminate such costs for program participants. Therefore, the participating carriers will absorb the cost of the modem, and the Rural Carriers ask the FCC to subsidize the entire installation fee through the Pilot Program. The resultant start up cost to the customer will be zero. The customer will, however, need to purchase their computer; they may obtain a discounted computer from Connected Nation ("CN") after taking CN's free online digital literacy training. Leaco however will have an additional option providing the customer an opportunity for a free computer. Both options are described in greater detail later in this document.

<b>Company Name</b>	Non-recurring Installation Fees
Alpine	\$49.95 with landline/\$99.95 without <sup>4</sup>
Leaco	\$99.99

<sup>&</sup>lt;sup>4</sup> It is important to note that while Alpine offers a discount on broadband installation charge to those customers who have landline service with the company, none of the funding requested as part of this Pilot Program will be used to offset the cost of installing voice service.

### **Assuring Lifeline Eligibility**

The Rural Carriers will comply with the Commission's new rules relating to determinations of subscriber eligibility for Lifeline-supported services by applying all of the consumer-eligibility and enrollment procedures as detailed in Section VI and Appendix C of the Lifeline Order Report and FNPRM.<sup>5</sup>

A copy of each ETC's certification form for enrollment is attached in Appendix B. (Note that these forms are the ones currently used by the ETCs for Lifeline eligibility certification for voice customers; they will be modified to reflect that they are being used to certify eligibility in the Broadband Adoption Lifeline Pilot Program.)

### **Proposed Overall Funding Amount**

Based on the description of the Rural Carriers' proposed program detailed previously, each customer subscribing to service during the 12 months of the program will receive a subsidy in the amount of the one-time installation fee (ranging from \$49.95 to \$99.99), plus a monthly service discount totaling \$300. Thus, the total subsidy received per customer will range from \$349.95 to \$399.99 for the 12 months of the program. The overall funding amount requested will depend upon the number of customers taking part in the program. The following table shows both the total non-recurring and monthly service subsidies for each carrier, as well as an estimate of the total subsidy based upon the number of Lifeline eligible non-Broadband subscribers in each carrier's service area deemed likely to participate in the program.

<sup>&</sup>lt;sup>5</sup> Lifeline and Link Up Reform and Modernization; Lifeline and Link Up; Federal-State Joint Board on Universal Service; Advancing Broadband Availability Through Digital Literacy Training; WC Docket Nos. 11-42, 03-109, CC Docket No. 96-45, WC Docket 12-23, Report and Order and Notice of Proposed Rulemaking, FCC 12-11 (rel. Feb. 6, 2012.)

	Total Non-	Total	Total	Estimated # of	Estimated
	Recurring	Service	Overall	Participating	Funding
	Cost	Subsidy	Subsidy per	Customers	Amount
	Subsidy		Customer		Requested
Alpine*	\$99.95	\$300	\$399.95	100	\$39,995.00
Leaco	\$99.99	\$300	\$399.99	463	\$185,195.37
TOTAL				563	\$225,190.37

<sup>\*</sup> In the case of Alpine, the higher installation fee of \$99.95 was chosen in order to estimate the maximum amount of funding requested.

The \$225,190.37 funding amount is the ETCs' best estimate, and is the result of several key underlying assumptions. Alpine took the total number of Lifeline customers who do not currently subscribe to broadband, then rounded the number down somewhat due to the competition they face for their customers' service. Leaco, on the other hand, assumed that half of their customer base that currently receives the Lifeline discount will also subscribe to broadband.

### **How Proposed Project Will Be Marketed to Low Income Customers**

The Rural Carriers will utilize a number of different strategies and venues for publicizing the program to their customers. These include:

- Direct mailings;
- Feet on the street;
- Press releases;
- Flyers distributed to the Dept. of Human Services, elderly meal provider sites, village halls, banks, libraries;
- Letters to current Lifeline voice subscribers;
- Ads placed on the local community TV channel;
- Bill inserts;
- School districts;
- Ministerial alliances; and
- Social media.

A sample of some of the prospective promotional materials is attached as Appendix D to this application.<sup>6</sup> Both Alpine and Leaco will monitor the customer response to the various forms of promotion and will report their findings to the Commission upon the conclusion of the Pilot Program.

The program will be publicized to the Lifeline-eligible customers of the Rural Carriers during the three-month "ramp up" period prior to the twelve months of the subsidy program, as well as during the subsidy period itself. The ETCs will begin offering the subsidies in the first month following the three-month "ramp up" period (i.e., month four of the overall program.)

Leaco's customers who sign on to the program once it has already begun will receive the fixed \$25 per month subsidy, but only for those months remaining in the Pilot Program. Alpine will offer those customers joining the Pilot Program "in progress" the sliding discount, but beginning at the same level currently being received by those customers who had joined in the beginning. For example, a customer joining in month 5 of the 12-month subsidy period would receive a discount of \$30 in months 5 and 6 (the same as the discount being received by all other customers receiving the sliding scale discount), \$20 in months 7, 8 and 9, and \$10 in months 10, 11 and 12. That customer would not be eligible for the \$40 per month discount received in subsidy period months 1, 2 and 3 by those customers who participated in the program from the start.

The promotional materials will make it patently clear that the Pilot Program is a fixed-term discount program that will come to an end at the conclusion of the 12-month period.

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<sup>&</sup>lt;sup>6</sup> Please note that the marketing materials included in Appendix D are intended for illustrative purposes only. If selected for the program, the Rural Carriers' marketing materials will accurately reflect the type of discount offered.

Customers will be further reminded of this fact when they officially sign on to the program. The goal is to avoid any misunderstandings or unpleasant surprises following the completion of the subsidy term.

#### Description of Customer Service Support That Will be Made Available to Subscribers

The Rural Carriers will provide the same customer service to subscribers under this program that is currently provided to any other broadband customers—basically, 24/7 telephone technical support. Leaco provides this support in English and Spanish. Customers will be able to contact the ETCs by telephone at any point they encounter difficulty, and their issues will be addressed, free of charge. Issues requiring a truck roll, however, will be subject to each company's standard terms and conditions, and may incur a charge.

#### **Addressing Broadband Adoption Barriers Other Than Cost**

The Rural Carriers will partner with Connected Nation<sup>7</sup> to address the digital literacy and affordable hardware barriers to broadband adoption. Connected Nation has been committed to providing extensive broadband planning services for communities and states for more than ten years. These services range from comprehensive broadband mapping to public policy language. Connected Nation promotes digital literacy by joining together public and private partners in programs that help vulnerable populations overcome top barriers to technology adoption-broadband awareness, technology training, computer ownership, and subscription affordability.

Customers who are interested in participating in the Rural Carriers' discounted broadband service programs can sign up for and take Connected Nation's online digital literacy

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<sup>&</sup>lt;sup>7</sup> For additional information about Connected Nation, visit www.connectednation.org.

training at no cost. The Rural Carriers have agreed to allow their customers to access the online training on computers at their respective offices, and will have employees on hand to answer any questions the customers may have. Upon completion of the online training, customers will be issued a user ID number that will allow them to purchase a low-cost, refurbished computer from Connected Nation. Customers may choose from the following options:

- a basic desktop Internet access computer (with a Pentium 4 Processor, 1GB RAM, 40GB hard drive, DVD drive, 15" monitor and Windows XP) for \$119.99 + \$12.00 shipping;
- a basic portable Internet access computer (with a Pentium 4 processor, 1GB RAM, 40 GB hard drive, DVD drive and Windows XP) for \$189.99 + \$12.00 shipping; or
- a premium portable Internet access computer (with a Dual Core processor, 2 GB RAM, 80 GB hard drive, DVD drive and Windows XP) for \$229.00 + \$12.00 shipping.

Customers will be required to complete Connected Nation's free digital literacy training in order to be eligible to order a discounted computer. In addition to credit cards and personal checks, Connected Nation will accept money orders and cashier's checks in order to facilitate customers who may not have a bank account. (Brochures describing Connected Nation's offerings are attached as Appendix C to this application.)

Leaco will offer an additional option which provides a free computer (at minimum equivalent to the computers listed above) to the customer, once the customer has attended and successfully completed a hands-on computer training course, taught by Leaco IT, HR, Marketing, and Customer Care staff in English or Spanish. The classes will be taught at one of the Leaco offices located in Hobbs, Lovington, Tatum, Dexter, or Roswell and additional locations will be added as enrollment dictates. Leaco will provide the computers and materials

for the classes and the hands-on training will be tailored to the individual customer needs from the beginner, to the somewhat experienced user who needs specific training in a particular area.

#### **Test Variables**

The Rural Carriers have identified two test variables which will serve as the basis of their "experiment." These are:

- o Type of discount (flat vs. sliding scale); and
- o Speed.

The results of the Pilot Program will be compared to a control group comprised of each ETC's Lifeline-eligible customers subscribing to the carriers' broadband service in the 12-month period prior to the beginning of the Pilot Program.<sup>8</sup>

The Rural Carriers intend to collect the standardized data that must be submitted to USAC themselves, through direct contact with their customers.

The Rural Carriers will use the three months of the program to advertise the program and sign up customers. All subsidies will begin in the fourth month, and will cease at the end of the 15<sup>th</sup> month. Months 16 through 18 will be used for data collection and analysis.

#### **Post-Project Analysis**

During the three-month period following the twelve-month subsidy period, the Rural Carriers intend to collect and analyze the results of their trial program, and to share their findings with the Commission. By comparing the relative take rates of the flat versus sliding scale

<sup>&</sup>lt;sup>8</sup> As these are small carriers and their customers often know one another and communicate frequently, the Rural Carriers are disinclined to offer service discounts to one subset of their customer base but not to another. Thus, the control group will be taken from the time period prior to the onset of the Pilot Program.

discounts, it can be determined whether more low income customers are enticed by extremely low up-front costs or by uniform, longer-term discounts. Speed preferences will provide an indication of whether low income customers prefer absolute least-cost service or whether the presence of a discount will incite them to subscribe to a higher-level service package. The results of the various means of marketing the Pilot Program will provide critical data as to what is the most effective means of reaching eligible customers.

Perhaps the most important measure of the success of the Pilot Program, however, will be the percentage of program participants who retain service after the subsidy has ended. The Rural Carriers will use the three months following the end of the program to measure customer retention, and will report their findings to the Commission.

#### **Conclusion**

The Rural Carriers are extremely enthused about the opportunity to take part in this program that will bring vital broadband service to customers who previously were unable to partake due to a lack of financial resources.

Every effort has been made to ensure that this application is thorough and complete.

Should, however, the Commission require additional information or clarification about anything included within, or missing from, this application, please feel free to contact the below signed.

# Respectfully submitted,

Ву,

/s/Chris Hopp Chief Operating Officer Alpine Communications PO Box 1008 923 Humphrey St. Elkader, IA 52043 563-245-4000

/s/Laura Angell Chief Executive Officer Leaco Rural Telephone 220 West Broadway St Hobbs, NM 88240 575-370-5010